



**THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE CITY OF TUCSON, ARIZONA**

**LOAN REVIEW COMMITTEE**

**Wednesday, January 15, 2020  
10:30 a.m.**

at the offices of  
Business Development Finance Corporation  
333 N. Wilmot Road, Suite 227  
Tucson, Arizona 85711

**Minutes**

**Present: Board Members**

Sandra Barton  
Judy Clinco  
Patricia Schwabe  
Meredith Aronson

**Advisors**

Gabriel Gomez, BDFC Advisor Services, LLC  
Karen Valdez, BDFC Advisor Services, LLC

The Loan Review Committee of The Industrial Development Authority of the City of Tucson, Arizona (the “**Authority**”) was held on Wednesday, **January 15, 2020**, at the office of Business Development Finance Corporation, 333 N. Wilmot Road, Suite 227, Tucson, AZ 85711 and via teleconference. All Authority’s Committee Members and the general public were duly notified of the meeting.

ITEM	ACTION TAKEN/TO BE TAKEN
1. Call to Order	The meeting was called to order at <b>2:01 p.m.</b>
2. Request for Approval of the minutes of the Loan Review Committee for the meetings held Friday, August 23, 2019.	A <b>MOTION</b> was made and seconded (J. Clinco / P. Schwabe) to approve the minutes of the meeting held <b>August 23, 2019</b> as presented. <b>Motion carried</b>
<b>3. Review and request for recommendation to the Board of Directors of the Authority concerning a request from Business Development Corporation (“BDFC”) for participation in a loan with BDFC in an amount not to exceed \$137,500 related to BDFC’s loan to Bestway Electric Motor Service, Inc. for its business to be operated at 728 S. Campbell, Tucson, AZ 85719.</b>  G. Gomez reviewed the loan request as follows:  Operating Company: Bestway Electric Motor Service Co., Inc. (Guarantor). BDFC Loan Total: <b>\$275,000.</b>  The Authority’s Loan: <b>\$137,500</b> participation. <b>6.5% (5.5% net of 100 basis point servicing fee to BDFC), fixed for 5 years, and then reset to the 10 year Treasury plus 4.75%.</b>	A <b>MOTION</b> was made and seconded (M. Aronson / J. Clinco) for recommendation of approval, to be presented at the <b>January 16, 2020</b> Regular Meeting of the Tucson IDA Board. <b>Motion carried</b>

Approved May 6, 2020

<p>Perm Loan: <b>10</b> year Term - <b>25</b> year Amortization.</p> <p>Total Project Cost: <b>\$1,574,875.</b></p> <p>Project Address: <b>728 S. Campbell Ave, Tucson, Arizona 85719.</b></p> <p>Purpose: Refinance debt.</p> <p>Basis of eligibility: <b>Section 3(a)</b> of Loan Policy: Economic Development Job creation: <b>2</b> Full Time Employees (“FTE”) Job retention: <b>32</b> FTE</p> <p>Collateral: <b>2nd</b> Deed of Trust on commercial property <b>2nd</b> UCC on Equipment owned by Bestway</p> <p>G. Gomez provided information on the Borrower and Business description noting that the business, established in <b>1978</b>, facilitates many unique repair capabilities such as large medium voltage electric motor rebuilds/rewinds, pump repairs, and other large rotating equipment. Additionally, they’ve increased their overhead lifting capability with a new <b>15</b> ton traveling bridge crane.</p> <p>The Borrowers originally purchased the building in <b>1996</b> and in <b>2015-16</b> they took out a term loan to fund an expansion to the building, including an adjacent land purchase. After construction commenced, other improvements were needed (both to the new and existing buildings) that cost above the initial construction loan. The Lender, unwilling to increase the construction loan, increased their Line of Credit (“LOC”) to help cover costs. Though the LOC was sufficient, it is an interest-only product that revolves and renews yearly, with all unpaid principal due <b>April 2020</b>. The refinance project will combine the <b>1<sup>st</sup></b> Deed of Trust (“DOT”) term loan with the LOC and include some minor credit card debt and convert to a long term financing to prevent any default with the current lender and enable the debt to be paid down. Discussion ensued regarding:</p> <ul style="list-style-type: none"> <li>• Customers include: copper mining companies, sand and gravel, golf course pump systems, city, county, and state governments, school districts, Davis Monthan Air Force Base, Fort Huachuca, manufacturing, agricultural, and sewage pump lift stations for housing developments. Though no customer accounts for more than <b>10%</b> of yearly revenues, some key customers include ASARCO, Freeport McMoRan, and the Tucson Water Department.</li> <li>• Analysis and comments</li> <li>• Debt Service Coverage</li> <li>• Loan structure, including collateral</li> <li>• BDFC Loan Grading – <b>2.0</b></li> <li>• Risks and Strengths</li> </ul> <p>It was noted that the operating company, Bestway Electric Motor Services Co., Inc. (“<b>Bestway</b>”), has been in business since <b>1978</b>. The proposed business refinance will consolidate debt which will result in ratios more in line with industry standards.</p> <p>It was the consensus of the Committee to recommend approval of participation in a loan with BDFC in the amount of <b>\$137,500</b>.</p>	
<p><b>4. Discussion and request for recommendation to the Board of Directors of the Authority, for potential revisions to the Authority’s loan process, programs, and policy.</b></p>	Tabled
<p><b>5. Call to the Public: This is the time for the public to comment. Members of the Committee and the Authority’s Board of Directors may not discuss items that are not specifically identified on the Agenda. Therefore, pursuant to Arizona Revised Statutes Section 38-431.01(G), action taken as a result of public comment will be</b></p>	No action taken.

limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date.	
6. Adjourn	A <b>MOTION</b> was made and seconded (J. Clinco / P. Schwabe) to adjourn meeting at <b>10:40 a.m.</b> <b>Motion carried</b>

Submitted by:

Approved by:

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Karen J. Valdez  
BDFC Advisor Services, LLC

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Sandra Barton, Chair of the Loan Review Committee  
The Industrial Development Authority of the  
City of Tucson, Arizona

Approved May 6, 2020